Afren plc (AFR LN)

Interim Management Statement

London, 16 May 2013 - Afren plc ("Afren" or the "Group"), announces its Interim Management Statement and financial results for the three months ended 31 March 2013 and an update on its operations year-to-date 2013, in accordance with the reporting requirements of the EU Transparency Directive. Information contained within this release is un-audited and is subject to further review.

Three months ended 31 March 2013 results summary

Afren has made a strong start to the year driven by a year-on-year increase of 14% in net production principally from the Ebok and Okoro fields, offshore Nigeria. The Group remains on-track to deliver full year net working interest production of between 40,000 to 47,000 boepd. The Group's financial results reflect the increase in net production which has been partly offset by a lower oil price and the impact of the timing of liftings at Okoro. We continue to make good progress across our exploration and appraisal (E&A) work programme targeting high-impact opportunities across the portfolio.

Financial highlights

	Q1 2013	Q1 2012	Change
Realised oil price (US$/bbl)	**107**	116	-8%
Net working interest production (boepd)	**47,064**	41,308	+14%
Revenue (US$m)	**373**	387	-4%
Gross profit (US$m)	**191**	204	-6%
Profit before tax (US$m)	**150**	143	+5%
Profit after tax (US$m)	**39**	53	-28%
Normalised profit after tax (US$m)*	**52**	78	-34%
Operating cash flow (US$m)	**288**	300	-4%

** See note 4 of the condensed financial statements*

Key Highlights

- Net working interest production in the period averaged 47,064 boepd; firmly on track for 2013 production guidance of between 40,000 to 47,000 boepd
- Multi-well E&A campaign underway
  - Commencement of drilling on the Ogo prospect at OPL 310, offshore Nigeria, targeting 78 mmboe of gross prospective resources
  - DST programme at Simrit-2 on the Ain Sifni PSC, Kurdistan region of Iraq complete, with aggregate flow rates of 19,641 bopd achieved. Well being prepared for Extended Well Test operations
  - Completion of drilling at Simrit-3 on the Ain Sifni PSC, Kurdistan region of Iraq. Multi-zone testing programme underway to confirm the resource potential and the eastern extent of the Simrit anticline

- Active portfolio management
  - Up to US$50 million carry received on OPL 310 for a 17.14% participating interest on OPL 310, offshore Nigeria announced on 14 May 2013
- Progressing Field Development Plans on recent discoveries (Okoro Field Extension, Ebok North Fault Block and Okwok, offshore Nigeria)
- Strong balance sheet
  - Cash at bank US$563 million (31 December 2012: US$525 million); Net debt, excluding finance leases US$453 million (31 December 2012: US$488 million)

Commenting on today's IMS, Osman Shahenshah, Chief Executive of Afren plc, said:

"Afren continues to deliver strong production from our greenfield developments offshore Nigeria. Following the successful start to our 2013 E&A programme on Okwok, offshore Nigeria, and Simrit in the Kurdistan region of Iraq, we are currently drilling the West African Transform margin on OPL310 offshore Nigeria. The Group remains in a strong financial position supported by a growing production base, to optimally explore, appraise and develop our high quality portfolio and continue to create significant value for our shareholders."

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Notes to Editors

Afren Plc
Afren is an independent upstream oil and gas exploration and production company listed on the main market of the London Stock Exchange and constituent of the Financial Times Stock Exchange Index of the leading 250 UK listed companies. Afren has a portfolio of 28 assets across 12 countries spanning the full cycle E&P value chain. Afren is currently producing from its assets in Nigeria, Côte d'Ivoire and the Kurdistan region of Iraq and holds further interests in Nigeria, the Kurdistan region of Iraq, Ghana, Côte d'Ivoire, Congo Brazzaville, the Joint Development Zone of Nigeria - São Tomé & Príncipe, Kenya, Ethiopia, Madagascar, Seychelles, Tanzania and South Africa. For more information please refer to www.afren.com.

Operations update

Production to Q1 2013 (boepd)	Working interest	Average gross production	Average net production
Okoro	50%	19,157	9,579
Ebok	100%/50%*	33,513	33,513
CI-11 & LGP	47.96% / 100%	5,412	3,079
Total		**58,082**	**46,171**
Associate company production	45%**	4,458	893
Total including associate company volumes		**62,540**	**47,064**

** Pre/post cost recovery*
*** Afren is a current 44.5% shareholder in First Hydrocarbon Nigeria Limited (FHN) which owns a 45% interest in OML 26*
Note: All production data remains subject to reconciliation

Nigeria and other West Africa

Nigeria

Okoro and Okoro Field Extension

Gross production averaged 19,157 bopd at the Okoro field during the first quarter of 2013, representing a year-on-year increase of 17%.

Following the successful discovery at the Okoro Field Extension in early 2012, Afren and Partner Amni commenced early development drilling at the Okoro Field Extension in July 2012, just six months from discovery, using the available wellhead slots on the existing Okoro platform.

The Partners have commenced the Front End Engineering Design (FEED) and development plans for the fabrication of a new wellhead platform and production unit required for the full development of the Okoro Field Extension.

Ebok

Gross production at the Ebok field was 33,513 bopd during the first quarter of 2013, representing a year-on-year increase of 17%.

In the first quarter, the Ebok North Fault Block (NFB) early production well had been successfully drilled, tested and was producing. In addition, the Partners have successfully brought on-stream an additional producer from the West Fault Block (WFB) platform, which is currently producing at stabilised rates of 5,000 bopd.

The Partners plan to drill a further three production wells and a water injection well at the Ebok field and to begin installation of the Central Fault Block Extension. The wells from this platform will target the LD1A and LD1B reservoirs which contains 38 mmbbls of 2P reserves.

Following the discovery at the Ebok NFB in 2012, the Partners are looking at development options for the NFB, the most likely of which is to drill the development wells from an extended WFB platform and produce through to the existing Mobile Offshore Production Unit (MOPU).

Okwok

The Partners commenced and completed drilling on the Okwok-11 side-track well during the first quarter of 2013. The well was drilled to a total measured depth of 3,997 ft and successfully encountered 95 ft of net oil pay in the ‘D2’ reservoir. The ‘D2’ reservoir was successfully cored, logged and tested for reservoir continuity. The newly acquired data together with the results of the Okwok-10 well (encountering 72 ft of net oil pay) and Okwok-10 side-track well (encountering 89 ft of net oil pay) will be integrated into the field model and used to update the volumetric and optimised Field Development Plan (FDP) prior to submission to the Nigerian authorities later this year.

The most likely development scenario for Okwok, which the partnership are reviewing, comprises the installation of a separate dedicated production processing platform tied back to, and sharing, the Ebok Floating Storage Offloading vessel (FSO) located approximately 13 km to the west.

OML 115

Afren and Partner Oriental will commence drilling the Ufon South-1 well, the first exploration well on the block in the second half of 2013, following the completion of drilling operations at OPL 310. The Ufon structure has been selected (gross PMean prospective resources of 65 mmbbls) for drilling and is structurally and geologically analogous to the nearby Ebok and Okwok fields but with significant deeper exploration potential.

OML 26

During the period, gross average production from the Ogini and Isoko fields was 4,458 bopd (subject to final figures from the Operator). In order to optimise production from currently active wells, a new 5.2 mmcfd gaslift compressor unit was procured in October 2012 and has been installed. Sub-surface and facilities studies are in progress and it is the Partners' intention to finalise the Ogini FDP documentation shortly and the Isoko FDP by Q3 2013.

An independent assessment of the reserve and contingent resource potential of the Ogini and Isoko fields for FHN in March 2013, has estimated the gross remaining 2P oil reserves at the fields at 134.6 million barrels and gross contingent resources at 68.0 million barrels (gross 2P & 2C reserves and resources 202.6 million barrels; 91.2 million barrels net to FHN). This represents a 231% increase on 2P reserves previously carried by FHN and a 10% increase on previously carried 2P & 2C volumes as at 31 December 2011. In addition, significant upside potential of 144 mmboe also exists within the undeveloped Aboh, Ovo and Ozoro discoveries, together with an estimated 615 mmboe gross unrisked prospective resources defined across multiple prospects that will continue to be worked up in parallel to, and integrated with, future development plans. The proposed forward work programme targets a drilling campaign for over 30 wells to commence from Q4 2013.

On 25 March 2013, Afren announced the proposed consolidation of its interest in FHN, subject to shareholder approval, following the exercise by a third party of a put option over 10.4% of FHN's shares. This will give Afren a 54.8% beneficial interest in FHN. Post accounting consolidation pro-forma net 2P reserves of the Group are expected to be approximately 270 mmboe. On 3 May 2013, Afren gave notice that a General Meeting in respect of this transaction will be held on 20 May 2013.

OPL 310

OPL 310 is located in the Upper Cretaceous fairway that runs along the West African Transform Margin and lies close to the Aje field, which has been declared commercial. Extending from the shallow water continental shelf to deep water, the block represents an exploration opportunity in an under-explored basin with a proven working hydrocarbon system in close proximity to the Tano Basin. Detailed evaluation of the block has identified several prospects lying in the same Turonian, Cenomanian and Albian sandstone intervals that have yielded significant discoveries in Ghana and Côte d'Ivoire. In its most recent independent assessment NSAI evaluated gross P50 unrisked prospective resources on OPL 310 at 476 mmboe.

On 14 May 2013, Afren announced that it has completed a farm-out agreement with Lekoil (subject to Nigerian Ministerial Consent), in respect of a 17.14% participating interest in the OPL 310 licence. Under the terms of the farm out, Afren will receive a total carry of up to US$50 million in respect of an exploration well currently being drilled at the Ogo prospect and a planned side-track well. The indigenous Nigerian company Optimum Petroleum Development Ltd. ("Optimum"), the named Operator on the block, will continue to hold a 60% participating interest, with Afren providing technical assistance to Optimum in respect of Optimum's obligations under a Technical Assistance Agreement. Post the farm out to Lekoil, Afren will hold a 22.86% participating and 40% economic interest (once Afren and Optimum achieve cost recovery).

The first exploration well to be drilled by the Partners is on the Ogo prospect, which is a four-way dip-closed structure in the Turonian to Albian sandstone reservoirs, targeting 78 mmboe of gross P50 prospective resources. Exploration drilling, using the GSF Transocean Monitor rig, commenced on 23 April 2013 and is currently drilling at a depth of 3,500 ft. The drilling programme is expected to last 90 days and will include a planned side-track, which will test a new play of stratigraphically trapped sediments that pinch-out onto the basement high targeting 124 mmboe of gross P50 prospective resources.

OPL 907, 917

Afren is in the process of relinquishing its interests in OPL 907 and 917.

Côte d'Ivoire

CI-11 and Lion Gas Plant

Average gross production in Q1 2013 at CI-11 was 4,483 boepd, with 929 boepd of Natural Gas Liquids ("NGL") production at the Lion Gas Plant. Production operations continue uninterrupted at the Company's assets in Côte d'Ivoire and remain in line with expectations. We continue to review our strategic options.

CI-01

Progress is being made to advance the field development plan and agree an associated work programme with Petroci and the Côte d'Ivoire Government.

Nigeria São Tomé & Príncipe JDZ

Block 1

In 2012, Total commissioned and completed drilling two appraisal wells on the block, the Obo-2 well and the Enitimi-1 well, both encountering oil and gas pay.

The operator on the block continues to evaluate the results and commercial viability of appraisal drilling undertaken on the Obo-2 and Enitimi-1 wells.

Congo Brazzaville

La Noumbi

The Kolo-1 well spudded in late February 2013 and was drilled to a total depth of 4,472 ft, evaluating sands in the Chela and Vandji formations. Wireline logs and borehole samples were taken to better understand hydrocarbon shows encountered in the drilling process. Sands in the well were deemed wet and the well was subsequently plugged and abandoned as a dry hole in April 2013. Following completion of drilling operations at Kolo-1, the operator commenced drilling on an independent prospect, Kolo-2, which spudded on 19 April 2013, and is currently drilling ahead.

Ghana

Keta Block

The Partners have progressed into the next two year exploration phase. The work programme associated with the current phase requires the acquisition of new 3D seismic data and the drilling of one exploration well by May 2014. A 1,582 km^2 3D seismic survey completed in December 2012 is currently being processed. In April 2013, Afren received a fast-track cube from the new 3D seismic which is currently being interpreted alongside the detailed processing review. The Nunya-1x exploration well has provided important information with which to calibrate and further enhance the Group's understanding of this under-explored block in what still remains a high potential basin.

South Africa

Block 2B

Processing of the 686 km^2 of 3D seismic data acquired this year is underway and results are expected in Q3 2013.

Kurdistan region of Iraq

Barda Rash

As part of the phased development of the field, Afren initiated production operations in August 2012 producing its first cargo of sales specification oil to tank. Initial storage capacity limits during the early phases of start-up at the field led the Group to restrict flow-to-tank from the well. To date, approximately 18,800 barrels is held in storage at the field and first sales are expected shortly.

Afren has commenced Phase 2 operations on the field which will involve new wells to increase production capacity, evaluate new field areas and acquire modern log and core data to better understand and delineate the field. The Partners commenced drilling on the BR-5 well in March 2013 using the Romfor-23 drilling rig which is currently drilling ahead at around 6,200 ft. The BR-4 well will be drilled using the Viking I-10 rig and is expected to spud in May 2013. The wells will be drilled to test the Cretaceous, Jurassic and Triassic reservoirs identified in the previous wells drilled on the structure.

Ain Sifni

Testing of the Simrit-2 well is now complete with aggregate flow rates of 19,641 bopd achieved from the planned Drill Stem Test (DST) programme. The well is currently being completed for an Extended Well Test (EWT) in the Jurassic age, Mus/Adaiyah reservoirs. Produced crude is expected to be trucked to local markets.

The Simrit-3 well, exploring the eastern extent of the large scale Simrit anticline has reached a final maximum depth of 12,300 ft in the Triassic Kurra-Chine formation and has encountered hydrocarbon bearing intervals in the Cretaceous, Jurassic and Triassic reservoirs. A multi-zone testing programme will take place over the next three months to confirm the resource potential of the well.

Operator Hunt Oil is preparing to commence drilling operations on the Maqlub-1 well in May 2013 on the high potential Maqlub structure followed by the Maqlub-2 appraisal well. The Maqlub structure is located adjacent to the Barda Rash PSC and will be testing the Cretaceous, Jurassic and Triassic reservoirs.

Afren East Africa exploration

Kenya

Block 1

Processing of the previously acquired 1,900 km 2D seismic data should be completed in early June 2013 and ready for updated interpretation. This is expected to further enhance Afren's understanding of the existing prospectivity and facilitate prospect selection ahead of planned exploration drilling in 2014.

Blocks L17 & L18

Having completed the acquisition of 1,207 km of additional 2D seismic data targeting the deeper water portion of the blocks in early 2012, Afren, in close consultation with the Ministry of Energy, completed the acquisition of 1,006 km^2 3D seismic during December 2012, in lieu of the well commitment, in order to better understand the deep water prospectivity, prior to exploration drilling. In addition, an onshore 2D seismic survey of 120 km was commissioned in September 2012 to simultaneously continue maturation of the shallow water/onshore play; this survey was completed in December 2012.

The recently acquired 3D and 2D seismic data will be processed and interpreted to further refine the prospect inventory in anticipation of a 2014 drilling programme.

Block 10A

On 1 March 2013, the operator, Tullow Oil announced the temporary suspension of the Paipai-1 exploration well. The well which was drilled to a total depth of 13,960 ft encountered light hydrocarbon shows across a 180 ft thick gross sandstone interval. This sandstone is overlain by a 656 ft thick source rock which forms an effective regional top seal. Attempts to sample the initial reservoir fluids were unsuccessful and the hydrocarbons encountered were not recovered to surface. The well has been temporarily suspended pending agreement on future evaluation options.

Tanzania

Tanga Block

A 620 km^2 3D seismic survey was completed in January 2013 and processing is being fast tracked in order to bring the deeper water prospectivity to equal technical maturity as the shallow water prospects and allow the Group to optimise the prospect selection ahead of exploration drilling. Mean prospective resources on the block were upgraded in the period from 1,026 mmboe to 1,244 mmboe. The fully processed 3D seismic cube is expected in July 2013.

Afren and Partners have identified a rig to drill the deeper water Calliope prospect and have a Letter of Intent (LOI) in place with the rig contractor.

Seychelles

Areas A & B

In Q1 2013, Afren completed a major 3D seismic programme, the first 3D survey to be conducted in the Seychelles. The programme consisted of two surveys in Afren’s licence areas. The first 3D survey was conducted in the southern portion of the licence over the Bonit prospect and covered 600 km^2. The second survey was in the northern section of the licence area and covered an area of 2,775 km^2. The new 3D seismic combined with existing 2D data are being processed by the Partners to assess in detail the Tertiary, Cretaceous and Jurassic prospectivity.

Gross un-risked prospective resources for the two areas are estimated at 2,800 mmboe.

Madagascar

Block 1101

The results from the 2D seismic acquisition and airborne and magnetic survey in 2012 alongside previously acquired 2D seismic are currently being processed to assess the prospectivity in detail. Technical work is on-going targeting a 750 mmboe, P50 resource, rotated fault block at the Karoo level. Additional data acquisition is being considered to further mature the opportunity ahead of exploration drilling, to coincide with drilling by other operators in the country.

Ethiopia

Blocks 7 & 8

Operator New Age is moving a rig to the area to commence drilling the El Kuran-2 well with a spud date expected end Q2 2013.

Forward exploration and appraisal drilling schedule

Country	Asset	Effective Working Interest	Gross prospect size mmboe	E&A wells / activity
Wells completed				
Kurdistan region of Iraq	Ain Sifni	20%	Discovery	Simrit-2 DST programme complete
Kurdistan region of Iraq	Ain Sifni	20%	TBC	Simrit-3 well complete. Multi-zone testing programme underway
Kenya	Block 10A	20%	100	Suspended pending on-going evaluation
Nigeria	OML 67	70%/56%*	Appraisal	Okwok appraisal drilling complete. FDP submission to follow
New well spuds				
Congo Brazzaville	La Noumbi	14%	8	1 well – currently drilling
Nigeria	OPL 310	57.14%/40%*	202	1 well – currently drilling
Ethiopia	Blocks 7 & 8	30%	100	1 well – rig on location
Nigeria	OML 115	100%/50%*	65	1 well
Kurdistan region of Iraq	Ain Sifni	20%	661	3 wells
Tanzania	Tanga Block	74%	360	1 well

**Pre/post cost recovery*

Financial position

Revenue in the three months ended 31 March 2013 was US$373 million (Q1 2012: US$387 million). The decrease largely reflects the impact of timing differences in liftings from the Okoro field and the effects of a lower oil price as compared to Q1 2012. Working interest production has increased by 14% against the same period last year from 41,308 boepd to 47,064 boepd.

Due to a lower underlying Brent crude price in Q1 2013 compared to the equivalent period in 2012, the Group realised an average oil price of US$106.7/bbl (Q1 2012: US$115.5/bbl). Hedges covering approximately 5.4 million barrels are in place for the period 1 April 2013 to 30 June 2014, providing minimum floor prices on these volumes of between approximately US$80-US$90/bbl, before premiums.

Profit from continuing activities before tax was US$150 million (Q1 2012: US$143 million). This reflects a reduction in gross profit of US$13 million, due to the timing of lifting revenue and lower oil prices as noted above, offset by a reduction of US$10 million in finance charges taken to the income statement (after taking into account interest capitalised) and a decrease in losses on derivative financial instruments, due to lower oil prices compared to Q1 2012.

Profit from continuing activities before tax also includes Afren's share of loss of its associate, FHN, of US$7 million (Q1 2012: loss of US$1 million). FHN reported a loss during the period mainly due to losses arising from the valuation of the overlift of crude oil as compared to realised prices on production from the OML26 field in Nigeria.

Normalised profit in the period was US$52 million (Q1 2012: US$78 million). See note 4 to the financial statements for a full reconciliation of this number.

The income tax charge for the period was US$112 million, of which US$83 million related to deferred tax (Q1 2012: US$90 million, including a deferred tax charge of US$74 million). The Group's effective tax rate has increased as a result of greater losses incurred in corporate entities in which the related tax losses have not been recognised as deferred tax assets or which cannot be offset against taxable profits.

Operating cash flow before movements in working capital was US$282 million (Q1 2012: US$277 million). After positive movements in working capital of US$12 million and tax payments of US$7 million, net cash generated by operating activities totalled US$288 million (Q1 2012: US$300 million).

Afren invested US$94 million in exploration and appraisal activities in the period (Q1 2012: US$39 million), the main areas of expenditure being Okwok (US$37 million), South Africa Block 2B (US$11.1 million), and Seychelles Blocks A&B (US$10 million). Expenditure on oil and gas assets was US$90 million (Q1 2012: US$105 million), comprising continuing development of the Ebok and Barda Rash fields. No write-offs in respect of unsuccessful exploration costs were incurred in Q1 2013 (Q1 2012: none). An immaterial write-off in respect of the abandonment of Kolo-1 at La Noumbi, Congo Brazzaville, which occurred in April 2013 is expected to be recorded in Q2 2013.

Net debt, excluding finance leases, as at 31 March 2013 was US$453 million (31 December 2012: US$488 million) with cash at bank of US$563 million (31 December 2012: US$525 million). During the period, Afren successfully renegotiated the terms of its Ebok Reserve Based Lending facility, with 14 international and Nigerian banks involved in the syndication of a new facility which significantly extends the maturity of the Group's debt.

Afren net debt	**Q1 2013 US$m**	Coupon	Repayment due
2016 senior secured notes	**500**	11.5%	2016
2019 senior secured notes	**300**	10.25%	2019
Secured facility	**186**	LIBOR +4.0%-4.8%	2016
Unsecured corporate facility	**50**	LIBOR +4.5%	23 month facility. Repayment in July 2013
Capitalised borrowing costs	**(21)**		
Total debt at end period	**1,015**		
Cash at bank	**563**		
Net debt at end period	**453**		

Ends.

Condensed Group Income Statement

For the three months ended 31 March 2013
(unaudited)

	Notes	**3 months to 31 March 2013 Unaudited US$m**	3 months to 31 March 2012 Unaudited US$m
Revenue		**372.9**	386.7
Cost of sales		**(182.3)**	(183.2)
Gross profit		**190.6**	203.5
Administrative expenses		**(5.5)**	(6.8)
Other operating income/(expenses)			
– service fees receivable from associate company		**0.4**	1.3
– derivative financial instruments		**(17.2)**	(30.2)
Operating profit		**168.3**	167.8
Finance costs	2	**(13.7)**	(23.6)
Other gains and (losses)			
– foreign currency gains		**2.0**	0.2
– fair value gain/(loss) on financial liabilities and financial assets		**0.5**	(0.1)
– other gains		**0.5**	-
Share of loss of associate company		**(7.4)**	(1.2)
Profit before tax		**150.2**	143.1
Income tax expense	5	**(111.7)**	(90.0)
Profit after tax		**38.5**	53.1
Earnings per share			
Basic	3	**3.6c**	**5.0c**
Diluted	3	**3.4c**	**4.8c**

Condensed Group Statement of Comprehensive Income

For the three months ended 31 March 2013
(unaudited)

	Notes	**3 months to 31 March 2013 Unaudited US$m**	3 months to 31 March 2012 Unaudited US$m
Profit after tax		**38.5**	53.1
Gain on revaluation of available-for-sale investment		**0.6**	-
Total comprehensive income for the period		**39.1**	53.1

Condensed Group Balance Sheet

As at 31 March 2013 (unaudited)

	Notes	31 March 2013 Unaudited US$m	31 December 2012 Audited US$m
Assets			
Non-current assets			
Intangible oil and gas assets		**969.4**	875.9
Property, plant and equipment		**1,710.9**	1,703.8
Prepayments and advances to partners		**79.2**	88.4
Derivative financial instruments		**10.4**	10.4
Investments		**21.7**	16.6
		2,791.6	2,695.1
Current assets			
Inventories		**117.3**	94.4
Trade and other receivables		**174.5**	262.7
Prepayments and advances to partners		**17.0**	7.4
Cash and cash equivalents		**562.5**	524.8
		871.3	889.3
Total assets		**3,662.9**	3,584.4
Liabilities			
Current liabilities			
Trade and other payables		**(347.7)**	(429.2)
Borrowings		**(49.8)**	(189.4)
Current tax liabilities		**(177.2)**	(155.8)
Obligations under finance lease		**(19.5)**	(19.3)
Derivative financial instruments		**(17.6)**	(14.0)
		(611.8)	(807.7)
Net current assets		**259.5**	81.6
Non-current liabilities			
Deferred tax liabilities		**(467.0)**	(383.9)
Provision for decommissioning		**(38.2)**	(36.7)
Borrowings	7	**(965.5)**	(823.9)
Obligations under finance leases		**(93.1)**	(98.1)
Derivative financial instruments		**(15.6)**	(6.7)
		(1,579.4)	(1,349.3)
Total liabilities		**(2,191.2)**	(2,157.0)
Net assets		**1,471.7**	1,427.4
Equity			
Share capital		**18.9**	18.9
Share premium		**922.4**	920.3
Other reserves		**38.8**	35.9
Merger reserve		**179.4**	179.4
Retained earnings		**312.2**	272.9
Total equity		**1,471.7**	1,427.4

Condensed Group Cash Flow Statement

For the three months ended 31 March 2013
(unaudited)

	3 months to 31 March 2013	3 months to 31 March 2012
	Unaudited	Unaudited
	US$m	US$m
Operating profit for the period	**168.3**	167.8
Depreciation, depletion and amortization	**99.5**	91.0
Unrealised losses on derivative financial instruments	**12.5**	14.2
Share based payments charge	**2.1**	4.2
Operating cash-flows before movements in working capital	**282.4**	277.2
Decrease/(increase) in trade and other operating receivables	**88.3**	(32.5)
(Decrease)/Increase in trade and other operating payables	**(49.0)**	48.2
Decrease/(increase) in inventory of crude oil	**(27.0)**	7.3
Tax paid	**(6.6)**	-
Net cash generated by operating activities	**288.1**	300.2
Purchases of property, plant and equipment	**(96.8)**	(105.7)
Acquisition of participating interest on licences in Kurdistan region of Iraq	**-**	(190.3)
Exploration and evaluation expenditure	**(112.6)**	(41.3)
Investment in associate company – additional shares purchased from third parties	**(10.3)**	-
Cash received on disposal of equipment of discontinued operations	**-**	1.3
Decrease/(increase) in inventories - spare parts and materials	**4.1**	(2.8)
Investment revenue	**0.5**	-
Net cash used in investing activities	**(215.1)**	(338.8)
Issue of ordinary share capital – share based plans exercises	**2.1**	0.5
Net proceeds from senior secured loan notes	**-**	294.4
Net proceeds from bank borrowings	**-**	97.9
Repayment of borrowings and finance leases	**(4.7)**	(204.4)
Deferred consideration – finance cost paid	**-**	(9.7)
Interest and financing fees paid	**(33.1)**	(33.0)
Net cash (used in)/provided by financing activities	**(35.7)**	145.7
Net increase in cash and cash equivalents	**37.3**	107.1
Cash and cash equivalents at beginning of the period	**524.8**	291.7
Effect of foreign exchange rate changes	**0.4**	0.2
Cash and cash equivalents at end of period	**562.5**	399.0

Condensed Group statement of changes in equity

As at 31 March 2013 (unaudited)

	Share capital US$m	Share premium account US$m	Other reserves US$m	Merger reserve US$m	Retained earnings US$m	Total equity US$m
Group						
At 1 January 2012	18.7	918.1	26.4	179.4	64.7	1,207.3
Issue of share capital	-	0.5	-	-	-	0.5
Share based payments	-	-	3.5	-	-	3.5
Transfers to retained earnings	-	-	(0.1)	-	0.1	-
Exercise of warrants	-	-	(0.1)	-	0.2	0.1
Net profit for the period	-	-	-	-	53.1	53.1
Balance at 31 March 2012	**18.7**	**918.6**	**29.7**	**179.4**	**118.1**	**1,264.5**
At 1 January 2013	18.9	920.3	35.9	179.4	272.9	1,427.4
Issue of share capital	-	2.1	-	-	-	2.1
Share based payments	-	-	3.1	-	-	3.1
Transfers to retained earnings	-	-	(0.7)	-	0.7	-
Exercise of warrants	-	-	(0.1)	-	0.1	-
Net profit for the period	-	-	-	-	38.5	38.5
Other comprehensive expense for the period	-	-	0.6	-	-	0.6
Balance at 31 March 2013	**18.9**	**922.4**	**38.8**	**179.4**	**312.2**	**1,471.7**

1. Basis of accounting and presentation of financial information

The condensed Group interim financial statements, comprising Afren plc (''Afren'') and its subsidiaries (together, ''the Group''), have been prepared in accordance with International Accounting Standard (''IAS'') 34, ''Interim Financial Reporting'', as adopted by the International Accounting Standards Board ("IASB"). Accordingly, certain information and footnote disclosure normally included in annual financial statements prepared in accordance with International Financial Reporting Standards ("IFRS"), as issued by the IASB, have been omitted or condensed as is normal practice. The condensed Group interim financial statements for the three months ended 31 March 2013 have been prepared solely for the purposes of compliance with the terms of issue of the senior secured loan notes. The condensed Group interim financial statements are unaudited, and do not constitute statutory accounts as defined in sections 435(1) and (2) of the Companies Act 2006. Statutory accounts for the year ended 31 December 2012 were published and copies of which have been delivered to Companies House. The report of the auditors on those accounts was unqualified, did not include a reference to any matters to which the auditors drew attention by way of emphasis without qualifying the report, and did not contain any statement under sections 498(2) or (3) of the Companies Act 2006.

Changes in accounting policy

The same accounting policies, presentation and methods of computation have been followed in these condensed Group interim financial statements as were applied in the preparation of the Group's financial statements for the year ended 31 December 2012. These interim financial statements should be read in conjunction with the Group's consolidated financial statements for the year ended 31 December 2012.

Going concern

The directors are satisfied that the Group has sufficient resources to continue in operation for the foreseeable future, a period of not less than 12 months from the date of this report. Accordingly, they continue to adopt the going concern basis in preparing the condensed Group interim financial statements.

Principal risks and uncertainties

Full details of the principal risks and uncertainties affecting the Group and its operations can be found on the appropriate pages of the 2012 Annual Report, which is available on the Company's website www.afren.com. Management consider these items to remain reflective of the risks faced by the Group as at 31 March 2013.

2. Finance costs

	3 months to 31 March 2013 US$m	3 months to 31 March 2012 US$m
Bank interest payable	**2.0**	5.5
Borrowing costs amortisation and facility fees	**2.2**	5.1
Interest on finance lease	**1.6**	2.2
Interest on loan notes	**22.1**	16.5
Corporate facility interest payable	**0.6**	0.6
Unwinding of discount on decommissioning and deferred consideration	**0.6**	0.5
	29.1	30.4
Less: capitalised interest	**(15.4)**	(6.8)
	13.7	23.6

3. Earnings per share

	Period ended 31 March	
	2013	2012
Basic	**3.6c**	5.0c
Diluted	**3.4c**	4.8c

The profit and weighted average number of ordinary shares used in the calculation of the earnings per share are as follows:

Profit for the period used in the calculation of the basic earnings per share (US$m)	**38.5**	53.1
Effect of dilutive potential ordinary shares	**-**	-
Profit used in the calculation of the basic and diluted earnings per share (US$m)	**38.5**	53.1

The weighted average number of ordinary shares for the purposes of diluted earnings per share reconciles to the weighted average number of ordinary shares used in the calculation of basic earnings per share as follows:

Weighted average number of ordinary shares used in the calculation of basic earnings per share	**1,088,374,408**	1,073,621,187
Effect of dilutive potential ordinary shares:		
Share based payments schemes	**50,742,536**	42,114,129
Warrants	**217,917**	218,974
Weighted average number of ordinary shares used in the calculation of diluted earnings per share	**1,139,334,861**	1,115,954,290

4. Reconciliation of profit after tax to normalised profit after tax

	3 months to 31 March 2013 US$m	3 months to 31 March 2012 US$m
Profit after tax	**38.5**	53.1
Unrealised losses on derivative financial instruments*	**12.5**	14.2
Share based payment charge	**2.1**	4.2
Foreign exchange gains	**(2.0)**	(0.2)
Fair value gain on financial assets and liabilities	**(0.5)**	(0.1)
Finance costs on settlement of borrowings	**-**	1.9
Share of after tax loss of associate's derivative financial instruments losses	**1.4**	5.1
Normalised profit after tax	**52.0**	78.2

* Excludes realised losses on derivative financial instruments of US$4.7 million (31 March 2012: US$16.0 million).

Normalised profit after tax is a non-IFRS measure of financial performance of the Group, which in management's view provides a better understanding of the Group's underlying financial performance. This may not be comparable to similarly titled measures reported by other companies.

5. Taxation

	3 months to 31 March 2013 US$m	3 months to 31 March 2012 US$m
UK corporation tax	**-**	-
Overseas corporation tax	**28.5**	15.7
Total current tax	**28.5**	15.7
Deferred tax charge	**83.2**	74.3
	111.7	90.0

The Group's effective tax rate has increased as a result of greater losses incurred in corporate entities in which the related tax losses have not been recognised as deferred tax assets or which cannot be offset against taxable profits.

6. Operating segments

For management purposes, the Group currently operates in three geographical markets which form the basis of the information evaluated by the Group's chief operating decision maker: Nigeria & other West Africa, East Africa, and the Kurdistan Region of Iraq. Unallocated operating expenses, assets and liabilities relate to the general management, financing and administration of the Group.

	Nigeria & other West Africa US$m	East Africa US$m	Kurdistan region of Iraq US$m	Unallocated US$m	Consolidated US$m
Three months to March 2013					
Sales revenue by origin	372.9	-	-	-	372.9
Operating gain/(loss) before derivative financial instruments	191.9	(0.1)	(2.3)	(4.0)	185.5
Derivative financial instruments losses	(9.9)	-	-	(7.3)	(17.2)
Segment result	182.0	(0.1)	(2.3)	(11.3)	168.3
Investment revenue					0.5
Finance costs					(13.7)
Other gains and losses – foreign currency gains					2.0
Other gains and losses – fair value of financial assets and liabilities					0.5
Share of loss of an associate					(7.4)
Profit before tax					**150.2**
Income tax expense					(111.7)
Profit after period					**38.5**

Segment assets – non-current	1,652.6	326.0	781.6	31.4	2,791.6
Segment assets – current	574.0	26.9	24.6	245.8	871.3
Segment liabilities	(1,257.6)	(49.0)	(15.0)	(869.6)	(2,191.2)
Capital additions – oil and gas assets	68.4	-	37.3	-	105.7
Capital additions – exploration and evaluation	55.1	19.3	8.0	11.1	93.5
Capital additions – other	0.5	-	0.3	0.2	1.0
Depletion, depreciation and amortisation	(99.1)	-	(0.1)	(0.3)	(99.5)

6. Operating segments continued

	Nigeria & other West Africa US$m	East Africa US$m	Kurdistan region of Iraq US$m	Unallocated US$m	Consolidated US$m
Year to December 2012					
Sales revenue by origin	1,498.8	-	-	-	1,498.8
Operating gain/(loss) before derivative financial instruments	723.5	(1.1)	(0.1)	(15.7)	(706.6)
Derivative financial instruments losses	(31.2)	-	-	-	(31.2)
Segment result	692.3	(1.1)	(0.1)	(15.7)	675.4
Investment revenue					-
Finance costs					(72.8)
Other gains and losses – dilution gain on investment in associate company					0.8
Other gains and losses – gain on derivative financial instruments on shares of associate company					0.2
Other gains and losses – fair value of financial assets and liabilities					(2.5)
Share of loss of an associate					(6.9)
Profit before tax					**594.2**
Income tax expense					(390.8)
Profit after tax					**203.4**
Segment assets – non-current	1,640.5	300.1	736.1	18.4	2,695.1
Segment assets – current	562.4	2.6	13.4	310.9	889.3
Segment liabilities	(1,214.7)	(63.8)	(12.8)	(865.7)	(2,157)
Capital additions – oil and gas assets	204.3	-	121.2	-	325.5
Capital additions – exploration and evaluation*	152.1	67.4	25.0	0.7	245.2
Capital additions – other	1.4	-	1.4	2.7	5.5
Depletion, depreciation and amortisation	(372.3)	-	(0.5)	(1.6)	(374.4)
Exploration costs write-off	(19.7)	-	-	-	(19.7)

* During the year ended 31 December 2012, exploration and evaluation additions of US$68.0 million in respect of the Okoro Field Extension licence were transferred to oil and gas assets in the Nigeria and other West Africa segment.

6. Operating segments continued

	Nigeria & other West Africa US$m	East Africa US$m	Kurdistan region of Iraq US$m	Unallocated US$m	Consolidated US$m
Three months to March 2012					
Sales revenue by origin	386.7	-	-	-	386.7
Operating profit/(loss) before derivative financial instruments	204.2	(0.2)	-	(6.0)	198.0
Derivative financial instruments gains/(losses)	(30.2)	-	-	-	(30.2)
Segment result	174.0	(0.2)	-	(6.0)	167.8
Investment revenue					-
Finance costs					(23.6)
Other gains and losses – foreign currency gains					0.2
Other gains and losses – fair value of financial assets & liabilities					(0.1)
Share of result of associate					(1.2)
Profit before tax					**143.1**
Income tax expense					(90.0)
Profit after tax					**53.1**
Segment assets – non current	1,596.6	226.5	612.1	17.4	2,452.6
Segment assets – current	525.8	3.1	1.5	106.9	637.3
Segment liabilities	(929.9)	(46.6)	(2.2)	(846.8)	(1,825.5)
Capital additions – oil and gas assets	64.0	-	18.3	-	82.3
Capital additions – exploration and evaluation	25.6	8.5	4.9	-	39.0
Capital additions – other	0.3	-	-	0.2	0.5
Depletion, depreciation and amortisation	(90.5)	-	-	(0.5)	(91.0)

7. Ebok facility

On 22 March 2013, Afren signed a new US$300 million Ebok facility which has a three-year term and bears interest at Libor plus 4-4.8%.

The new facility replaces the previous facility of approximately US$185 million. The new extended facility will be used to fund on-going capital expenditure and general corporate requirements including Group loans.

8. Contingent liabilities

There has been no material change to the contingencies reported in the annual report for the year ended 31 December 2012.

9. Related party transactions

The following table provides the total amount of transactions which have been entered into with related parties during the three months ended 31 March 2013 and 2012:

Trading transactions

	Sale of goods/services		Purchase of goods/services		Amounts owed by related parties	
	Three months ended 31 March 2013 US$m	Three months ended 31 March 2012 US$m	**Three months ended 31 March 2013 US$m**	Three months ended 31 March 2012 US$m	**As at 31 March 2013 US$m**	As at 31 March 2012 US$m
St John Advisors Ltd	**-**	**-**	**0.1**	0.1	**-**	-
STJ Advisors LLP	**-**	**-**	**-**	0.1	**-**	-
First Hydrocarbon Nigeria Ltd	**0.4**	1.3	**-**	-	**(5.1)**	(4.0)

St John Advisors Ltd and STJ Advisors LLP are the contractor companies for the consulting services of John St. John, a Non-Executive Director of Afren, for which they receive fees, including contingent completion and success fees, from the Company. Both St John Advisors and STJ Advisors LLP also receive monthly retainers of £18,000 and £36,000 under contracts which started from 27 June 2008 and 15 December 2011 respectively. The contracts have a twelve month period which automatically continues unless terminated by either party.

First Hydrocarbon Nigeria Limited (FHN) is an associate of Afren plc.

10. Post Balance sheet events

There have been no material post balance sheet events.